

Is It Safe to Mail Yet?

The State of the USPS in the Fourth Quarter

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SnailWorks Products



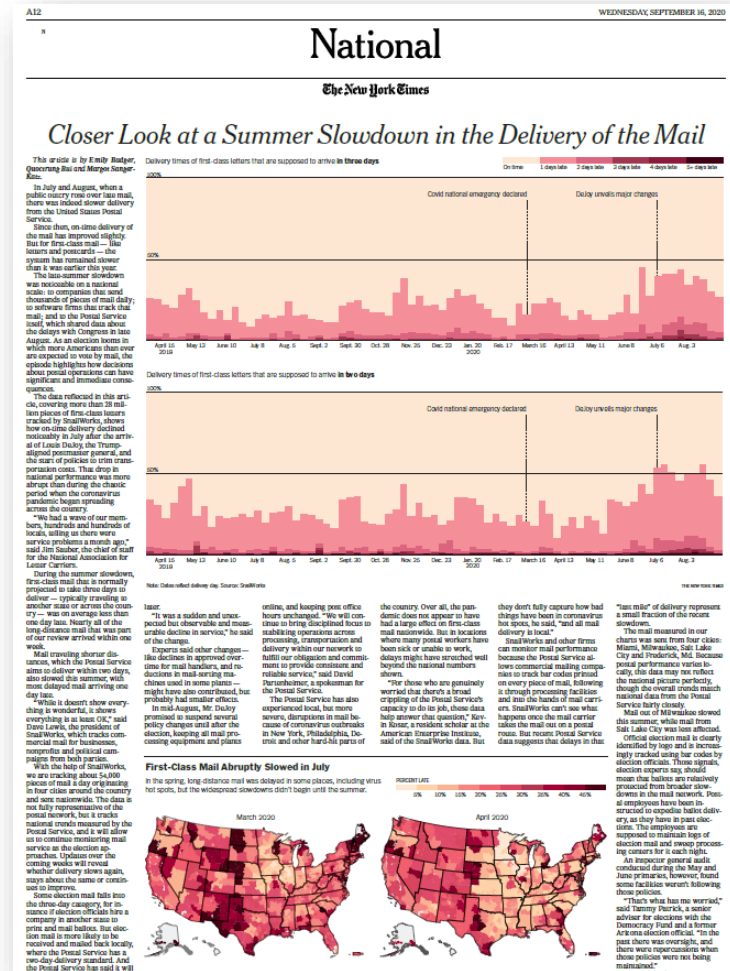
SnailWorks' Prime Directive

Deliver on the promise of innovative Postal Service programs by making them easy to use and making results clear and actionable.

So, What IS Going on at USPS?

Our agenda for today:

- **Events:**
 - **Worldwide Pandemic!**
 - **Financial Peril!!**
 - **The Election of a Millennium!!!**
 - **A New Postmaster General!!!! (?)**
- **The Impact:**
 - **Service**
 - **Postage**
- **What to do**

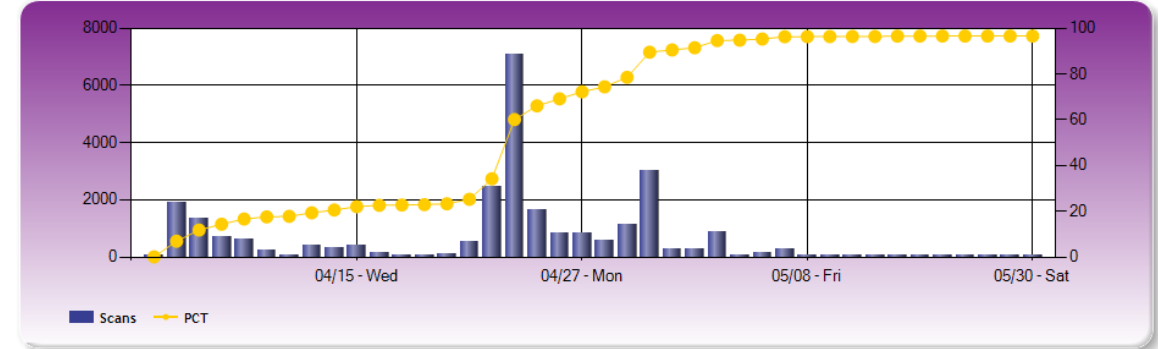


Pandemic!!



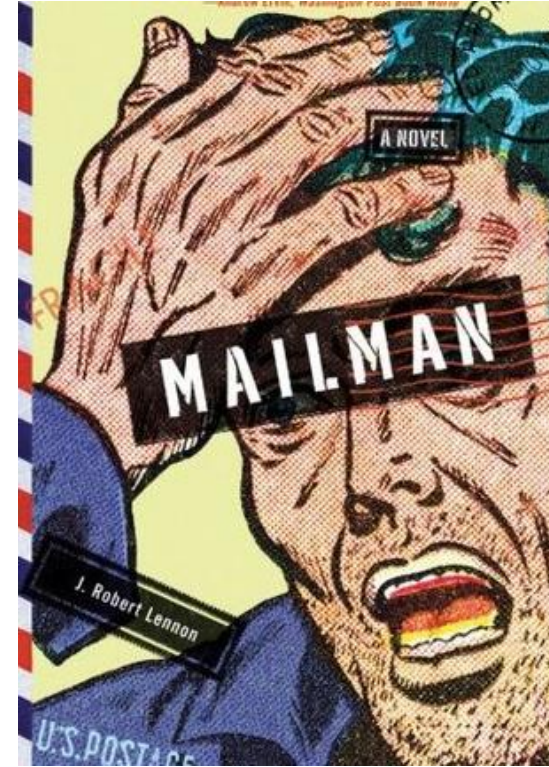
Pandemic at the Postal Service

- **High absenteeism**
- **Facilities rerouting some mail**
- **Carriers not walking routes some days**
- **Flights canceled**



| Informed Visibility Scan | | | | | |
|--------------------------|---------|-----------------|------------|-----------------------------------|---|
| Scan Date | FCLT ID | Facility | Event Code | Description | S |
| 4/3/2020 12:21:44 PM | 07097 | JERSEY CITY | 873 | FAST Appointment Arrived | |
| 4/3/2020 12:41:44 PM | 07097 | JERSEY CITY | 874 | Container Accepted | |
| 4/11/2020 11:02:11 PM | 94850 | MC VITTIE ANNEX | 876 | Arrived at Facility | |
| 4/12/2020 3:04:03 PM | 94850 | MC VITTIE ANNEX | 878 | Departed Facility | |
| 4/13/2020 3:06:19 PM | 90201 | CUDAHY | 876 | Arrived at Facility | |
| 4/13/2020 4:29:00 PM | 90201 | CUDAHY | 878 | Departed Facility | |
| 4/19/2020 2:07:07 AM | 07097 | JERSEY CITY | 876 | Arrived at Facility | |
| 4/20/2020 1:41:20 AM | 07097 | JERSEY CITY | 878 | Departed Facility | |
| 4/22/2020 2:50:50 PM | 11256 | BROOKLYN | 918 | Sequenced for Delivery - 1st Pass | |
| 4/22/2020 7:36:18 PM | 11256 | BROOKLYN | 919 | Final Sequencing for Delivery | |
| 4/23/2020 10:28:29 AM | 11201 | CADMAN PLAZA | 517 | Delivered | |

Financial Peril!



Is the Postal Service Broke?

- **Well, sort of...**
- **USPS has lost \$69 billion over past 10 years**
- **They are “funded by postage”**
- **Congress and PRC impose a lot of difficult conditions**
- **With no help from Congress, they are funded through 2021**
- **They’ll get help from Congress**
- **They have no immediate cash need**

The Election of the Millennium!!



Vote By Mail and the Postal Service

- **There are about 152 million registered voters in US**
- **If ALL of them vote by mail it will generate 304 million pieces of mail (ballots to voter and back)**
- **USPS delivers 470 million pieces of mail a day**
- **Political mail may be a factor**
 - **Record volumes are expected**
 - **Political (“Red Tag”) get priority over other USPS Marketing Mail**

A New Postmaster General!



A New Postmaster General

- **Louis DeJoy is 75th Postmaster General**
- **Appointed in May, started June 15**
- **Trump fundraiser**
- **Made what would generally be normal “New PMG” moves – cutting overtime, making trucks run on-time**
- **Congress is not fond of him**
- **Many changes already in play attributed to him**
- **Any changes undone for now**

The Impact of it All - Service

Service issues vary with class and type of mail:

- **First-Class Mail**
 - Letters
 - Flats
 - Parcels
- **USPS Marketing Mail**
 - Letters
 - Flats
 - Parcels

The Impact of it All - Service

First Class Mail

- **Letters: .5 – 1.0 days off standards local and nationwide**
 - **Standard: 2 Days local, 3 days national**
- **Flats: Comparable to letters**
- **Parcels: Anecdotal 2 – 5 days late (we don't track parcels)**

The Impact of it All - Service

- **USPS Marketing Mail – Regular and Nonprofit**
- **Letters:**
 - Inducted at destination SCF, on time – 2-3 days after induction
 - Origin entered, 7 – 14 days, comparable to earlier in year
- **Flats: Generally delivering same as always – 7 – 21 days**
- **Parcels: Not a lot of data, but competing with Priority Mail**

The Impact of it All - Postage

- **Competitive vs Market Dominant**
- **Competitive products just put a Holiday increase in place – Primarily Priority Mail products**
- **Market Dominant**
 - Includes First-Class, USPS Marketing Mail letters and flats
 - Increases limited to CPI per 2006 Act of Congress (PAEA)
 - Postal Regulatory Commission (PRC) needs to approve any rate change

The Impact of it All - Postage

- **PRC is doing 10-year review of rate-setting process**
- **They've been working on it 4 years**
- **First draft allowed increases of up to 7% a year, and was never implemented**
- **Postal Service cannot support itself on current rates**
- **Waiting on Congress**
- **January 2021 increase will almost certainly be less than 2%**

What to Do

- **Don't worry about:**
 - The Postal Service going out of business
 - The Postal Service running out of money
 - Massive nationwide mail delays
- **DO worry about:**
 - Targeting mail to arrive 2 weeks before, 1 week after election
 - Lettershop capacities and turnarounds in October
 - Local delays caused by resurgence of COVID hot spots

Some Things You Can Do

- **Budget for a 2% postage increase in January**
- **Track outbound mail to identify possible trouble spots**
- **Consider tracking inbound response – November response will be difficult to predict with possible post-election distraction**
- **Use commingling to bypass USPS transportation**
- **Add Informed Delivery campaigns to your mail – 2% discount through November**
- **Pay attention! It's 2020!!**

Thank You!!

Questions??

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